

## Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 IO-11 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 STR-04 CEA-01

FEA-01 ERDA-05 FPC-01 INT-05 SAM-01 OES-03 /127 W

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R 130730Z FEB 76

FM USLO PEKING

TO SECSTATE WASHDC 5145

INFO AMEMBASSY BUCHAREST

ACMONSUL HONG KONG 3047

C O N F I D E N T I A L PEKING 0249

E.O. 11652: GDS

TAGS: ETRD CH RO

SUBJECT: SINO-ROMANIAN TRADE

REF: PEKING 91, BUCHAREST 1049

SUMMARY. FOLLOWING CONCLUSION OF NEW LONG-TERM  
SINO-ROMANIAN TRADE AGREEMENT AND ANNUAL PROTOCOL  
ON JANUARY 29, THE ROMANIAN EMBASSY IN PEKING ESTI-  
MATES THE VALUE OF THIS YEAR'S AGREEMENT AT \$414  
MILLION IN TOTAL BALANCED TRADE. LAST YEAR, TOTAL  
VALUE OF COMMERCIAL CONTRACTS CONCLUDED BETWEEN THE  
TWO COUNTRIES REACHED \$440 MILLION INCLUDING A \$70  
MILLION PRC CRUDE OIL FOR ROMANIAN FERTILIZER BARER  
DEAL CONCLUDED OUTSIDE THE CONTEXT OF THE ANNUAL

ACCORD. NO NEW PURCHASES OF CHINESE CRUDE OIL HAVE  
BEEN CONCLUDED THIS YEAR. END SUMMARY

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1. DURING FEBRUARY 12, CALL ON ROMANIAN EMBASSY,

COMMERCIAL COUNSELOR PRICOP PROVIDED THE FOLLOWING INFORMATION ON SINO-ROMANIAN TRADE IN 1975-76.

2. NEW AGREEMENTS. ON JANUARY 29, CHINA AND ROMANIA CONCLUDED A NEW LONG-TERM TRADE AGREEMENT AND SIGNED A TRADE AND PAYMENTS PROTOCOL COVERING EXCHANGES IN 1976. ACCORDING TO PRICOP, THE LONG TERM AGREEMENT, WHICH REPLACES AN EARLIER PACT, IS A GENERAL DOCUMENT PROVIDING A FRAMEWORK FOR THE DEVELOPMENT OF BILATERAL TRADE UNTIL 1980. ITS PRINCIPAL PROVISIONS INCLUDED (1) USE OF "CURRENT INTERNATIONAL PRICES" STATED IN SWISS FRANCS FOR ALL GOODS EXCHANGED UNDER FUTURE PROTOCOLS; (2) A SHORT COMMODITY LIST OF 15 ROMANIAN EXPORTS AND 20 PRC EXPORTS WHICH EACH SIDE AGREES

TO MAKE AVAILABLE EACH YEAR; AND (3) CREATION OF A JOINT TRADE COMMISSION WHICH WILL MEET ONCE OR TWICE A YEAR, ALTERNATING CAPITALS, TO REVIEW THE PROGRESS OF COMMERCIAL RELATIONS. MEETINGS OF THIS COMMISSION WILL BE AT THE VICE PREMIER LEVEL.

3. WITH 42 PERCENT OF THIS YEAR'S CONTRACTS ALREADY CONCLUDED, PRICOP NOW ESTIMATES THAT THE TOTAL VALUE OF GOODS EXCHANGED UNDER THE 1976 PROTOCOL WILL INCREASE BY 15 PERCENT OVER 1975 TO REACH APPROXIMATELY \$414 MILLION. COMMODITY COMPOSITION OF THIS YEAR'S ACCORD IS ALMOST IDENTICAL TO LAST YEAR'S WITH EIGHT-TO-TWELVE-TON DIESEL TRUCKS THE ONLY MAJOR NEW ROMANIAN EXPORT ITEM. AS A RESULT OF THE DECISION TO CHANGE TO CURRENT PRICES, PRICOP EXPECTS SOME HARD BARGAINING OVER THE REMAINING CONTRACTS FOR THIS YEAR.

5. PETROLEUM. ALTHOUGH PRICOP ADMITTED LAST YEAR'S PRC OIL SALE HAD BEEN MADE AT A "FRIENDSHIP PRICE F.O.B.," HE QUICKLY ADDED THAT THE HIGH COST OF TRANSPORTING AND REFINING THE OIL HAD RESULTED IN A CONSIDERABLY HIGHER PRICE BEING PAID BY ROMANIAN CONSUMERS. MOST OF THE OIL WAS SHIPPED IN SMALL TANKERS TO CONSTANTA WHERE IT HAD TO BE MIXED WITH

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LIGHTER MIDDLE EASTERN CRUDES BEFORE IT COULD BE PUMPED THROUGH UNHEATED PIPELINES SOME 360 KILOMETERS TO A REFINERY, HE SAID. AS A RESULT OF SUCH PROBLEMS, PRICOP SAID THE ROMANIANS WERE UN-ENTHUSIASTIC ABOUT ADDITIONAL PURCHASES FROM CHINA

EVEN THOUGH THEIR FERTILIZER PRODUCERS HAD INDICATED INTEREST IN A REPEAT OF LAST YEAR'S BARTER DEAL WHICH

COULD MEAN ANOTHER LARGE EXPORT CONTRACT. NO NEW  
CONTRACTS FOR PRC OIL HAVE BEEN CONCLUDED FOR 1976 AND  
PRICOP SEEMED DOUBTFUL ABOUT THE PROSPECTS  
FOR THIS YEAR.  
THAYER

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